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DCI/IC-76-1366

13 JUL 1976

MEMORANDUM FOR: Legislative Counsel

FROM : John N. McMahon
Associate Deputy to the DCI for the
Intelligence Community

SUBJECT : CIA Relationship with GAO

1. References are:

25X1 a. [] memorandum of 7 July, subject as
above.

b. "Report of Agency Task Force Review of GAO
Audit Options," dated 5 December 1975, which was prepared
under chairmanship of [] Deputy Director for 25X1
Plans and Systems, Office of Finance, DDA, as one of the
"Issues and Answers" papers developed for the DCI in
connection with the then-ongoing Congressional investigations.

2. Mr. Knoche made a commitment to Senator Inouye during
the 23 June confirmation hearing to "get together with GAO and
come up with suggested guidelines" the Senate Select Committee
could look over. There is an immediate requirement to get under-
way on this, so I suggest the following:

a. A Task Force be formed under the auspices of DDA
to prepare a letter which the DCI can forward to the Comp-
troller General of the United States, attaching a proposed
set of guidelines for GAO audit of CIA as the basis for
obtaining GAO agreement on the parameters of such an audit.
GAO-CIA conferences undoubtedly will be needed, so it is
important that the starting position be a paper which the
DCI considers acceptable.

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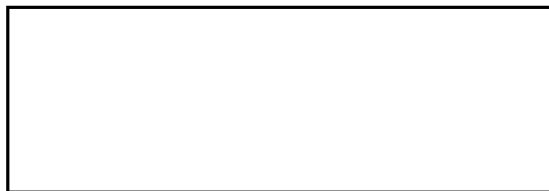
b. The guidelines set forth in reference b., cited above, provide a basis for development of a rather comprehensive set of such guidelines.

c. This should be handled as a CIA/GAO matter, not involving other elements of the Intelligence Community, since any problems the GAO may have with other intelligence organizations would differ markedly in nature from those arising with the CIA. Congressional interest in this field seems to focus almost entirely on GAO-CIA relationships.

d. The guidelines developed by the Task Force should be cleared with the White House prior to submission to the Comptroller General.

3. Action on this project should be expedited in the interest of forestalling GAO initiatives.

Attachment:
Reference "b"



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5 December 1975

REPORT OF AGENCY TASK FORCE REVIEW
OF GAO AUDIT OPTIONS

The Agency Task Force of Directorate representatives established at the request of the Director to develop recommendations for ground rules which should apply to any resumption by GAO of audit of Agency activities has reached conclusions which are set forth in the paragraphs which follow.

I. STATEMENT OF THE PROBLEM

If GAO resumes audit of Central Intelligence Agency activities, what limitations or restrictions should apply?

II. OFFICIAL POSITIONS

A. Comptroller General

It is assumed the Comptroller General favors resumption of GAO audit of Agency activities, provided it could have sufficient access to produce meaningful evaluations.

B. House and Senate Select Committees

We infer from conversations with staff representatives of the Committees and from Congressional questions that the Committees are likely to recommend resumption of GAO audit of Agency activities.

C. Rockefeller Commission

The Commission Report made no reference to GAO audit, recommending instead that the President's Foreign Intelligence Advisory Board assume an audit responsibility.

D. Congress

At least one bill has been introduced (by Senator Proxmire) to formally direct resumption of GAO audit of Agency activities at the direction of any of the Oversight Committees.

E. Director of Central Intelligence


The Director is on record as being of the opinion that arrangements can be made for resumption of GAO audit of Agency activities subject to necessary limitations and to agreement on security procedures and on distribution and content of reports on audits.

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REPORT OF AGENCY TASK FORCE REVIEW OF GAO AUDIT OPTIONS


Respectfully Submitted,
GAO Review Task Force

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DDI Representative

DDO Representative

DDS&T Representative

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General Counsel Representative

Legislative Counsel Representative

Comptroller

Chief, Audit Staff

MEMORANDUM FOR: Director of Central Intelligence Agency:

SUBJECT : GAO Audit Options

1. There is attached for your review the Report of the Agency Task Force of Directorate representatives which was formed at your request to develop recommendations for ground rules which should apply to any resumption by GAO of audit of Agency activities.

2. The report concludes with recommendations of principles which the Task Force believes would be useful for your consideration in negotiations with the Comptroller General. It is believed the suggested principles are equally applicable whether GAO review of the Agency is mandated by act of Congress or whether you determine on your own initiative to undertake negotiations for such a review.

John F. Blake
Deputy Director
for
Administration

Attachment
As Stated

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